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SUBJECT: FM FRATTINI INSISTS IGC SECURITY ARCHITECTURES ARE NO THREAT TO TRANSATLANTIC RELATIONS; PREDICTS CONSTITUTION WILL BE FINISHED UNDER ITALIAN PRESIDENCY

REF: STATE 310984

Classified By: DCM EMIL SKODON. REASON: 1.5 (B)(D).

1. (S) SUMMARY: Italian FM Frattini reiterated to Ambassador Sembler that "structured cooperation" would be inclusive (open to all 25 EU members) and implemented in coordination with NATO. He noted that an "encouraging statement" on European security initiatives from Secretary Powell would help him to counteract the view put forward by certain of Italy's European partners that the US is opposed to Europe strengthening itself under any conditions. Despite the considerable amount of work remaining on the constitution, Frattini is confident the details can be ironed out and agreed to by the end of the Italian Presidency. Italy is prepared to increase its financial contributions for elections in Afghanistan. Frattini confirmed that Italy "has stopped, and will keep stopped" deliveries of Fast Boats to Iran. The Ambassador reiterated to Frattini our concerns over the negative impact restrictions on the import of products employing biotechnology have on trade and overall bilateral relations. End Summary

2. (S) On November 10, FM Franco Frattini, accompanied by Chief of Cabinet Cesare Ragaglini and Political Director Giancarlo Aragona, met at our request with Ambassador Sembler to review the state of play in the Constitution/Intergovernmental Conference process, especially as it relates to "structured cooperation" in European defense architectures. The Ambassador was accompanied by DCM Emil Skodon and Poloff (notetaker). We also raised a number of other US-EU and bilateral issues, including Afghanistan, Galileo, Fast Boat sales to Iran and biotechnology.

3. (C) Frattini insisted that the current debate in the IGC on European security architectures was a means to forming closer cooperation with NATO. This is the view PM Berlusconi put forward at the October 16 European Council meeting and Frattini himself has emphasized with his fellow foreign ministers. Starting with Berlin-plus as a base, "structured cooperation" would be inclusive and implemented in full coordination with NATO. The article in the draft constitution dealing with the mutual defense clause (40.7) will also be revised to address US concerns that it not undermine NATO treaty article 5 commitments.

4. (C) Frattini said that the November 18 US-EU Troika in Brussels would be a good opportunity to clear up misconceptions held by the US on structured cooperation. He noted that an "encouraging statement" on European security initiatives from Secretary Powell would help him to counteract the view put forward by certain of Italy's European partners that the US has no confidence in Europe and is simply opposed to Europe strengthening itself under any conditions. Otherwise, continued Frattini, the Italian Presidency could find itself increasingly isolated in defending US equities in the IGC.

5. (C) DCM noted that in order for Secretary Powell to deliver a positive statement, we would need to have a clearer, more detailed understanding of just where the IGC would take ESDP. Aragona promised to get this information to Washington in time to feed into preparations for the Secretary's trip to Brussels, possibly starting with a phone

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call to EUR PDAS Ries later on November 10. Aragona explained that structured cooperation was simply a method through which the EU could establish criteria for countries to join in defense planning and operations. These criteria would be agreed at 25, and the structure would be open to all 25 member states, as long as they qualified and wanted to join.

6. (C) Frattini told the Ambassador that the constitution was the most important challenge currently facing the EU. The organization is difficult to manage at 15; at 25 it will be impossible using current structures. For Frattini the main direction of the IGC should be towards creating a Europe that is able to play a role on the international stage, forging closer ties with the US, and implementing "economic and

political cohesion" within Europe.

17. (C) This is a difficult moment in IGC negotiations, admitted Frattini. The IGC must seek compromises to balance the positions of various camps vying for the best possible deal from the constitution; for instance, balancing the desires of smaller countries seeking one commissioner per Member State with the need to revise Nice treaty structures which give Spain near equal voting power to that of Italy, though it has only about one-half the population. One possibility under study is to revise numbers in the European Parliament to more accurately reflect population figures. Frattini is confident the details can be ironed out and agreed to by the end of the Italian Presidency. The alternative would be an impossible situation in which the Irish Presidency had only a few weeks to close the process prior to enlargement. Frattini said he would table a compromise proposal in about 3 weeks (presumably just after the Naples FM IGC conclave November 28-29). Then, said Frattini, the Member States will have to decide.

Afghanistan

18. (C) Frattini told the Ambassador that he had spoken to Secretary Powell a few days ago and underlined that Italy was

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prepared to increase its financial contributions for elections, pledging 5 million of the total 25 million Euro promise from the EU. He said that Italy might be prepared to allocate an additional 5 million Euros depending on the response from its EU partners. Germany and the "northern countries" support increased contributions, Frattini continued, but France was being difficult, citing the deteriorating security situation and increased drug trafficking as reasons to withhold aid.

Galileo

19. (C) In response to the Ambassador's comments on this issue, Aragona disagreed with our view that a strong political push was needed now to close the issue. He said more work was required to develop a strong technical base, as a prerequisite for dialogue at a political level. Regarding US concerns that the December EU Transport Council might take decisions without fully considering foreign policy and security ramifications, Frattini promised to speak to Italy's Transport Minister (Lunardi) about US views and suggest that the technical process not get too far out ahead of the political.

Iran Fast Boats

10. (S) Frattini confirmed that through an "informal arrangement" with the manufacturer, Italy "has stopped, and will keep stopped" deliveries of Fast Boats to Iran.

Biotech

11. (C) The Ambassador closed the meeting by touching on agricultural biotechnology, the one truly contentious issue in US-Italian bilateral relations. He highlighted US concerns over a rumored draft decree to severely restrict, if not ban, biotech cultivation from Italian regions in which "traditional products" are grown (see septel). Since every region in Italy has products which fall into that category, the decree would effectively exclude future sales of US biotech seeds to Italy. Biotech restrictions were a serious issue which the Ambassador noted he has raised with PM Berlusconi. Sales of US produced seeds to Italy have fallen from USD 70 million to USD 9 million over the past four years. The US Congress, Speaker Hastert in particular, has taken note of this situation and the damage it is doing to agricultural exports from the US to Italy. The Ambassador also noted that it would not help the bilateral trade

imbalance should the decree become law. Frattini said that he was aware of US biotech concerns, as is PM Berlusconi, and that Agriculture Minister Alemanno favored taking a harder line on biotech than EU regulations required. Frattini's personal view is that he is completely in favor of biotechnology products, especially in light of what they can possibly do to improve the lot of poor nations.

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